

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 779 - HB 903**

February 17, 2023

**SUMMARY OF BILL:** Authorizes a municipality to add the cost of remedying a condition on real property that endangers the health, safety, and welfare of other citizens to the property tax notice of an owner of real property who fails or refuses to remedy the condition in a specified time period. Provides that the amount billed to the property owner shall not constitute a lien on any affected property or accrue penalties or interest for late payment. Requires a municipality to bear all expenses related to any necessary system modification.

**FISCAL IMPACT:**

**Other Fiscal Impact – A precise permissive increase to local expenditures cannot be quantified with reasonable certainty.**

Assumptions:

- Pursuant to Tennessee Code Annotated § 6-54-113.
  - Municipalities are authorized to require owners of real property to maintain property and to remedy any condition on a property that would endanger the health, safety, or welfare of other citizens;
  - If a person fails or refuses to remedy a condition, then the municipality is authorized to remedy the condition at a cost to be assessed against the property owner. The municipality may collect the costs assessed against the owner through an action debt filed in a court of competent jurisdiction;
  - The costs are a lien against the property, collected at the same time and in the same manner as property taxes are collected;
  - If the owner fails to pay the costs, such costs are subject to the same penalty and interest as delinquent property taxes; and
  - If the owner of an owner-occupied residential property (OORP) fails or refuses to remedy the condition, then the costs shall be assessed against the owner the same as other property owners, except that the municipality must wait until cumulative charges for remediation are at least \$500 before the charges become a lien on the property.
- The proposed language is permissive and would establish an alternative to the authorization provided under Tenn. Code Ann. § 6-54-113 by:
  - Authorizing municipalities to add the cost of remedying dangerous conditions to a person's property tax notice rather placing a lien against the property;

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- Establishing that the amount billed to the property owner shall not accrue penalties or interest for late payment; and
  - Applying the provision to both property owners and owners of an OORP.
- Costs for necessary system modifications to implement the proposed legislation would vary for each municipality and cannot be reasonably estimated; however, any local expenditure is considered permissive and would be borne by the individual municipality.
- The proposed legislation is not expected to have a significant impact on the number of actions filed in court. Any fiscal impact to the courts is estimated to be not significant.
- It is estimated that any permissive decrease to local revenue due to the amount billed no longer accruing penalties or interest would be negligible.
- The proposed legislation would allow municipalities to seek payment for costs from owners of OORP sooner than they would be able otherwise, since the proposed legislation does not require that a municipality wait until cumulative charges for remediation are at least \$500 before acting.
- Removing the \$500 threshold may result in an increase to the number of individual instances of a municipality billing an owner of OORP for the cost of remedying dangerous conditions. However, it is not expected that an increase in the number of these instances would result in any significant increase to local revenue.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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